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The evolution of Benefit Sharing Agreements in Papua New Guinea: What are the lessons learnt and what are the prospects for the future?

A research presented in partial fulfillment of the requirements

for the degree of Master of International Development

**in
Development Studies**



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Killian Saulmai Anoser

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Table of Contents

Table of Contents.....	i
Figures and Tables	iii
Abstract.....	iv
Acknowledgements.....	v
Abbreviations	vi
Chapter 1 – INTRODUCTION	1
1.1 Introduction and overview.....	1
1.2 Context of Report – Papua New Guinea	2
1.1. The Issues and Rationale for the Study.....	4
1.2. Research Aims and Objectives	6
1.3. Methodology.....	9
1.4. Report Outline.....	10
Chapter 2 – LITERATURE REVIEW	11
2.1. Introduction	11
2.1.1. The concept of Benefit Sharing Agreements in the context of PNG.....	11
2.1.2. The origins of Benefit Sharing Agreements	13
2.1.3. The definition, application and use of Benefit Sharing Agreements	14
2.1.4. Components of Benefit Sharing Agreements	16
2.1.5. Conclusion.....	21
2.2. The Policy, Legal and Institutional Framework of Benefit Sharing Agreement	21
2.2.1. International policies on BSA	21
2.2.2. PNG policies on benefit sharing	24
2.2.3. The Legal and Institutional Framework	28
2.2.4. Conclusion.....	30
Chapter 3 – RESOURCE PROJECTSAND BENEFITSHARING AGREEMENTS.....	32
3.1. The Benefit Sharing Agreement in the PNG Resources sector.	32
3.1.1. Introduction	32
3.1.2. Bougainville Copper Project.....	32
3.1.3. Ok Tedi Mining Project.....	34
3.1.4. Porgera Gold Project.....	36
3.1.5. Misima Gold Project.....	38

3.1.6. Kutubu Oil Project	39
3.1.7. Lihir Gold Project.....	41
3.1.8. Ramu Nickel/Cobalt Project	42
3.1.9. Liquefied Natural Gas Project (LNGP).	44
3.1.10. Fisheries Agreements.....	46
Chapter 4 – SUMMARY AND CONCLUSION	50
4.1. Introduction	50
4.2. Summary and results	51
4.3. PNG Benefit Sharing Agreements in the international context, its strengths and weaknesses	52
4.4. Policy options and recommendation for the future	54
4.5. The outlook for Benefit Sharing Agreements	54
References:	56

Figures and Tables

Figure 1.1Resources Map of PNG	3
Table 3.2 Characteristics and Components of BSA	48
Table 4.3 Strengths and Weaknesses of BSA	53

Abstract

With an abundance of natural resources, the extractive and fishery exploitation at a developed stage, Papua New Guinea (PNG) should have been at the top end of the developing world, however, this has not materialised. PNG is going through the dilemmas of development through high rate of resource exploitation and unequal distribution of benefits that is having detrimental effect on the economy and general living standard. Many have questioned why this situation has existed without being addressed.

It is also acknowledged here that there has been much literature that has been written on the environment and social impacts of resource project, however, there has been little written on the benefits flowing through to those people affected by resource developments. This report attempts to address those benefit sharing issues.

A review of past and current projects and how they distributed benefits has provided a baseline from which the most important elements for future benefit sharing have been identified. These are that BSA are negotiated, legally binding agreements that recognise property rights, are internationally recognised, they allocate and demarcate responsibilities and ensure development coherence. Using these characteristics, a fair and equitable benefit sharing could then be developed for resource projects in Papua New Guinea.

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Abbreviations

ABS	Access Benefit Sharing
ADB	Asian Development Bank
AfDB	African Development Bank
BCA	Bougainville Copper Agreement
BCL	Bougainville Copper Limited
BDG	Business Development Grants
BHP	Broken Hill Propriety Limited
BSA	Benefit Sharing Agreement
CBD	Convention on Biological Diversity
CMCA	Community Mine Continuation Agreement
DFWN	Distant Water Fishing Nations
DPMNEC	Department of the Prime Minister and the National Executive Council
EEZ	Exclusive Economic Zone
EPG	Enga Provincial Government
FFA	Forum Fisheries Agency
FIFO	Fly In Fly Out
IBP	Integrated Benefit Package
IFC	International Finance Corporation
ILG	Incorporated Land Group
LNG	Liquefied Natural Gas
LRC	Law Reform Committee
MCA	Mine Continuation Agreement
MCC	Mettallurgical Group Corporation
MCCJV	Mettallurgical Group Corporation Joint Venture
MDC	Mining Development Contract
MOA	Memorandum of Agreement
MRA	Mineral Resources Authority
NCI	National Cancer Institute
NFA	National Fisheries Authority
NZ\$	New Zealand Dollar
OTML	Ok Tedi Mining Limited
PDF	Project Development Fund

PDL	Petroleum Development License
PGK	Papua New Guinea Kina
PJV	Porgera Joint Venture
PNG	Papua New Guinea
PNGDSP	Papua New Guinea Development Strategy
RMTL	Road Mining Tailings Lease
SML	Special Mining Lease
SSG	Special Support Grant
TAs	Technical Assistance
UNCLOS	United Nations Convention on Law of the Sea
UBSA	Umbrella Benefit Sharing Agreement
US	United States
WB	World Bank

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